

**RESOLUTION NO. 20111215-063**

**WHEREAS**, the City of Austin through the *Austin Energy Generation, Resource and Climate Protection Plan to 2020* seeks to achieve 800MW electrical energy load reduction through energy efficiency; and

**WHEREAS**, in 2009 the 81<sup>st</sup> State Legislature enacted HB 1937 to allow cities to designate districts in which bond proceeds or other capital can be used to finance energy efficiency improvements and renewable energy installations by private property owners, otherwise known as Property Assessed Clean Energy (PACE) financing; and

**WHEREAS**, in a memo dated 21 January 2010, Austin Energy reported on the possibility of implementing a PACE finance program and concluded that there are potential legal barriers to a successful program in Texas; and

**WHEREAS**, there are currently 27 states across the country with PACE-enabling legislation, and state-wide implementation is underway in California, Florida, and Louisiana; and

**WHEREAS**, there has been renewed interest nationally in PACE programs developed by the US Business Council for Sustainable Development and Ygrene Energy Fund, among others, by which upfront capital for energy efficiency improvements, particularly in the commercial and industrial sectors, is provided by a private, third-party entity instead of a government; and

**WHEREAS**, on 2 December 2011, President Obama, the head of the US. Chamber of Commerce, and 60 major companies, universities, labor

unions, hospitals, cities and states announced a \$4 billion increase in public-private partnership investments to fund energy efficiency improvements in the country's public and private building stock; and

**WHEREAS**, according to the 2011 study *Economic Impact Analysis of Property Assessed Clean Energy Programs (PACE)* conducted by ECONorthwest, each \$1 million invested in total PACE project spending at the local level can be expected to result in an average of \$10 million in gross economic output; \$1 million in additional combined Federal, State and Local tax revenues; and 60 jobs; and

**WHEREAS**, Austin Energy, based on its 25-year track record of energy efficiency and distributed renewable energy leadership, could secure many of the benefits of PACE-type financing programs through its relationships with local lenders, ongoing Better Buildings program, and other utility-based loan or lease offerings; and

**WHEREAS**, the Austin City Council finds that Property Assessed Clean Energy (PACE) or other utility-based finance programs could fulfill a public purpose to the citizens of Austin by reducing the negative health, welfare and economic impacts of greenhouse gas emissions, ground-level ozone emissions, and the need to add electrical power plants. Moreover PACE or other utility-based finance programs could fulfill a public purpose to the citizens of Austin by increasing economic development activity in Austin and enhancing the community's energy conservation efforts; **NOW THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

The City Manager is directed to work with industry and legal experts to assess and provide solutions to potential legal barriers to implementing PACE and other utility-based financing programs in Austin. This review should at least examine:

1. the possibility of collecting PACE and other utility-based financing repayments through property tax bills, the City of Austin utility bills, or other methods;
2. the feasibility of various alternative financing programs and mechanisms, including revolving funds, third-party financing, leases, loan-loss reserve funds, performance-based loans, and others; and
3. the feasibility of launching demonstration projects in the commercial, industrial and/or residential sectors.

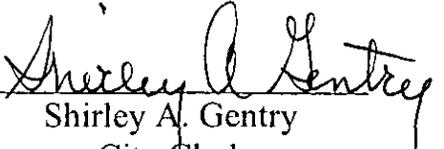
**BE IT FURTHER RESOLVED:**

The City Manager is directed to estimate:

1. the number of households and commercial entities potentially interested in a PACE financing program;
2. the total potential megawatt clean energy benefits that PACE and other utility-based programs could produce and their impact on the city's energy efficiency goals as stated in the *Austin Energy Generation, Resource, and Climate Protection Plan to 2020*;
3. the approximate total value of clean energy projects suitable for PACE and other utility-based programs; and
4. the approximate economic and workforce impacts PACE and other utility-based programs could bring to the local economy.

The City Manager should integrate work performed under this resolution with ongoing planning and analysis to the extent possible, and report back to City Council with a plan to address both directives by March 15, 2012.

**ADOPTED:** December 15, 2011 **ATTEST:**

  
Shirley A. Gentry  
City Clerk